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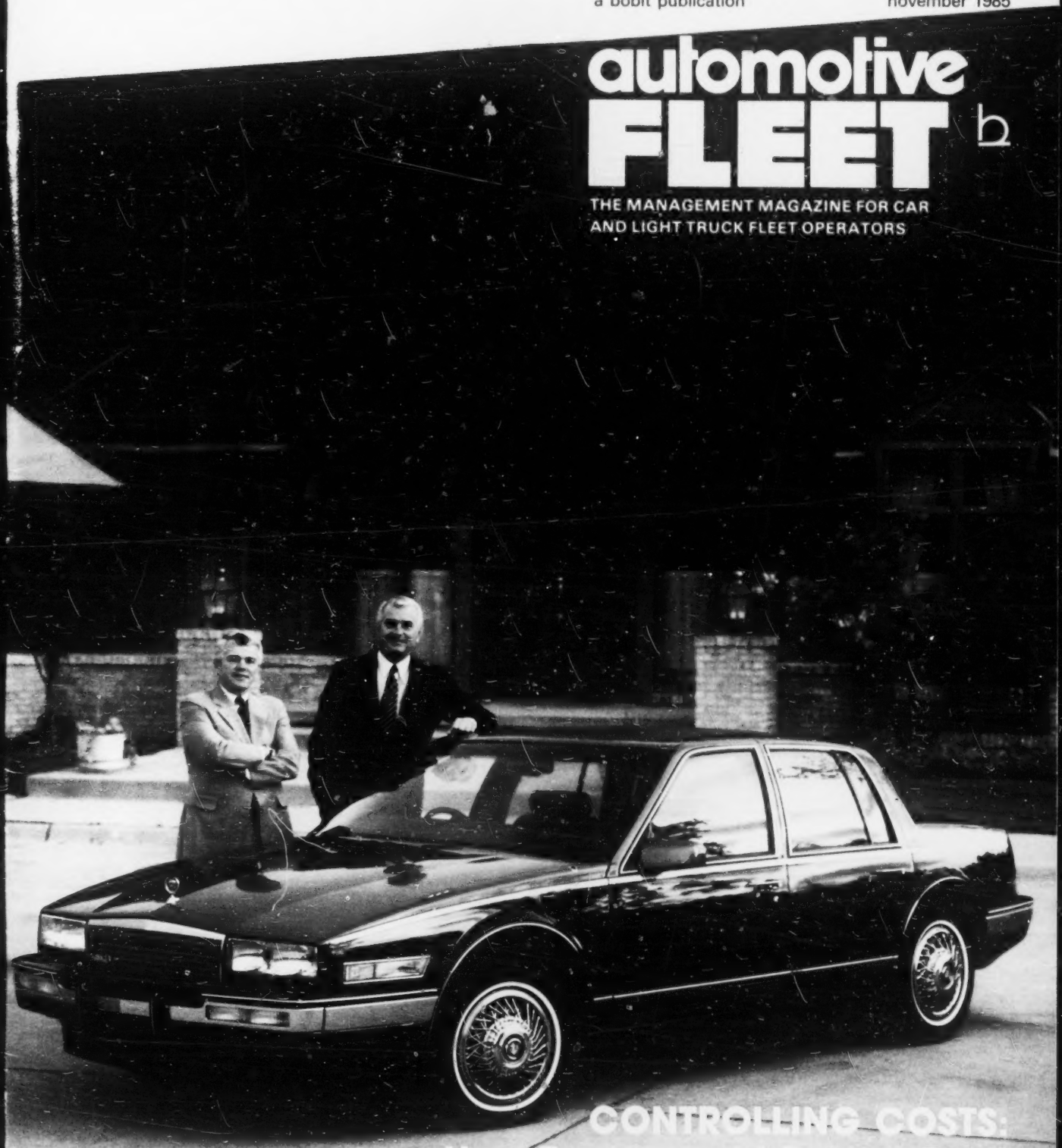
automotive FLEET

THE MANAGEMENT MAGAZINE FOR CAR AND LIGHT TRUCK FLEET OPERATORS



CONTROLLING COSTS:

How Texaco and Dayco Do It

The Penske Rental Approach

Treasury II Analysis

Fall Convention Review

NOVEMBER 1985 VOL. 25, NO. 1

automotive FLEET®

THE MANAGEMENT MAGAZINE FOR CAR AND LIGHT TRUCK FLEET OPERATORS

Influencing the management of 4,584,000 cars and 1,970,000 light trucks and vans in business, leasing, rental, utility, government, police, and taxi fleets.

FEATURES

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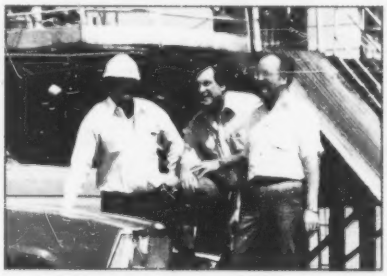
Fall Convention Roundup p. 89



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On our cover: GM's Cadillac Division is calling this "the most exciting announcement period" in its history. And the biggest excitement surely derives from the 1986 Eldorado and Seville, both downsized, given new suspension systems, and totally restyled. Pictured with the Seville are a proud D.P. John (left), Cadillac fleet and leasing director, and Division General Manager John O. Grettenberger.

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Calendar

NOVEMBER

7-10 — National Vehicle Leasing Association's seminar on Marketing and Management, Parker House Hotel, Boston, MA. Information: (213) 477-4287.

11-13 — *Limousine & Chauffeur* Limo Show and Conference, Caesars Palace, Las Vegas, NV. Information (213) 376-8788.

12-14 — National Association of Fleet Administrators' Basic Principles of Fleet Management, Course 110, Phoenix Hilton, Phoenix, AZ.

11-15 — Institute of Traffic & Transportation fall transportation seminars, Holiday Inn, Great Southwest, Arlington, TX. Information: (216) 234-6290.

14-17 — National Vehicle Leasing Association's seminar on Marketing and Management, Amfac Hotel (Airport), San Francisco, CA.

18-20 — Leasemark's Lease Management Training Course, Embassy Suite Hotel, King of Prussia, PA. Information: (215) 827-7758.

19-22 — Fred A. Mudgett & Associates' car rental seminar on Managing for Profit, Sheraton Plaza, Palm Springs, CA. Information: (904) 672-1040.

DECEMBER

9-11 — *Limousine & Chauffeur* Limo Show and Conference, Harrah's Trump Plaza, Atlantic City, NJ.

12 — American Automotive Leasing Association special seminar on Tax Reform, the Future of Leasing, and New IRS Regulations, Hyatt Regency O'Hare, Chicago, IL. Info: (202) 223-2600.

16 — AALA special seminar on Tax Reform, the Future of Leasing, and New IRS Regulations, Philadelphia Airport Marriott, Philadelphia, PA.

Gas Prices

UNLEADED

City	Cost Per Gallon Unleaded Full-Serve	Self-Serve
Juneau, AK	163.4	151.4
Little Rock, AR	149.0	114.9
Santa Barbara, CA	158.4	120.4
Key West, FL	151.4	131.4
Honolulu, HI	164.6	151.0
Minneapolis, MN	157.7	125.6
St. Louis, MO	136.2	109.7
Gulfport, MS	150.4	123.9
Jamestown, ND	152.4	135.4
New York City	131.9	119.9
Dayton, OH	131.4	107.4
Beaumont, TX	138.4	109.9
Yakima, WA	169.9	137.9

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...National Accounts

Fleet maintenance costs can be reduced by 10 to 25 percent using national accounts programs offered by lessors. If you're not in such a program it means you're probably paying dealers or independents *at least* an extra 10 percent for service work.

There is usually no charge to participate in a national accounts program other than the cost of the incurred service work.

"A national accounts program consists of a network of vendors such as the major tire companies, transmission, muffler, and glass repair companies," said Jack Reynolds of Leaseway Fleet Management. Vendors are selected by a leasing company to meet its various fleets' needs from tires to major mechanical repairs.

Most vendors have national accounts programs that offer volume discount pricing. The pricing discounts are designed to entice lessors into authorizing these companies to handle their volume business. The way leasing companies earn money is by being paid a commission from each vendor participating in its national accounts program. Commissions paid by vendors increase with the volume of billings attributable to the leasing company.

National accounts vendors allow fleet customers to be centrally billed at discounted rates by their leasing company. This gives fleet drivers pre-established credit so service work can be completed with simply a work order signature. This eliminates the need for cash advances or reimbursements to drivers of fleet cars.

Recently United States Fleet Leasing compared its national accounts prices with those of over 250 dealerships and independent service facilities in 23 cities. The surveyed cities were selected because they represented a balanced geographic sampling. Based on a re-

"...national account prices are consistently lower."

gional comparison, USFL's national accounts prices were 35 percent below dealerships and 12.5 percent below independent service facilities.

Where national accounts prices may not be competitive is during a sale run at an authorized outlet. Often the discounted sale price is the same or lower than the national account price. Despite this occasional discrepancy, national accounts prices are consistently lower. This is perhaps best documented in the following table outlining USFL's survey of comparative maintenance costs for the past 5 years.

"Just as important for nationwide fleet owners is that the cost of work is the same in Jacksonville as it might be in Cleveland," said Reynolds. Annual directories listing the locations of authorized outlets are supplied by vendors to lessors and their fleet customers.

For fleet managers who have never participated in a national accounts program an additional benefit is the ability to transfer service and product warranties between shops within or outside of the state. Warranties are not restricted to the place of purchase. Dealer and independent warranties are usually only honored at the original repair facility and cannot be transferred to another shop. On the average, national accounts warranties exceed those offered by independent repair shops and dealerships. Finally through a centralized billing, fleet administrators can streamline their ability to control expenses. Individual drivers' purchases are billed directly to the lessor who consolidates all charges into a monthly invoice. The invoices usually itemize services performed for each vehicle.

Since national accounts vendors do not vary their rates to different customers, most leasing company programs are for the most part price competitive. To stand out, some leasing companies are offering supplemental services to their national accounts programs. These 'extras' include a greater selection of vendors, gasoline credit card programs, expense reporting systems, and maintenance coupon books.

Most lessors provide credit cards or purchase orders for completing service work. Another method for performing scheduled service work is with coupon books. Several lessors provide a preventative maintenance coupon book that acts as the equivalent of a preprinted purchase order. With a coupon book the need for a credit card or purchase order for scheduled service work is minimized. AF

Comparative Maintenance Costs

Recommended Maintenance[1]		1980 Retail Cost[2]	1980 USFL Cost	1980 Avail. Savings	1981 Retail Cost	1981 USFL Cost	1981 Avail. Savings	1982 Retail Cost	1982 USFL Cost	1982 Avail. Savings	1983 Retail Cost	1983 USFL Cost	1983 Avail. Savings	1984 Retail Cost	1984 USFL Cost	1984 Avail. Savings
At 7,000 miles	$	23.66	15.60	8.06	72.60	35.00	37.66	32.71	30.60	2.11	33.49	29.42	4.07	62.50	39.05	23.45
At 14,000 miles	$	75.83	31.20	44.63	157.33	99.60	57.73	84.25	56.80	27.45	85.81	42.35	43.46	114.36	79.44	34.92
At 21,000 miles	$	230.33	180.60	49.73	274.66	149.55	125.11	219.79	152.00	67.79	204.42	185.30	19.12	66.37	47.24	19.13
At 28,000 miles	$	43.50	15.60	27.90	91.00	52.60	38.40	47.29	23.10	24.19	40.33	21.42	18.91	252.06	200.07	51.99
At 35,000 miles	$	93.16	40.55	52.61	94.66	60.60	34.06	101.40	84.50	16.90	96.57	64.47	32.10	66.37	47.24	19.13
At 42,000 miles	$	405.66	271.90	133.76	465.00	292.55	172.45	308.04	256.70	51.34	204.30	155.30	49.00	114.36	79.44	34.92
At 49,000 miles	$	43.50	15.60	27.90	56.66	15.60	41.06	30.48	25.40	5.08	40.33	21.42	18.91	66.37	47.24	19.13
At 56,000 miles	$	23.66	15.60	8.06	72.33	32.60	39.73	41.04	34.20	6.84	37.15	21.42	15.73	252.06	200.07	51.99
At 63,000 miles	$	43.50	15.60	27.90	50.33	30.60	19.73	47.29	23.10	24.19	43.21	21.42	21.79	66.37	47.24	19.13
TOTALS	**$**	**982.80**	**602.25**	**380.55**	**1,334.63**	**768.70**	**565.93**	**912.29**	**686.40**	**225.69**	**785.61**	**562.52**	**223.09**	**1,060.82**	**787.03**	**273.79**

[1] USFL issues a Preventive Maintenance Coupon Booklet to each fleet-managed vehicle. The coupons follow the manufacturers' recommended service intervals for trouble-free vehicle operation.

[2] Average of dealer and independent service center pricing.

USFL has conducted price surveys for the past ten years, contacting thousands of dealers and independent service centers in the process. Facilities in both large and smaller cities have been selected to provide a good cross-section of labor rates. USFL's identity is never revealed to the service facility. Prices are requested for the specific services listed in USFL's Preventive Maintenance Coupon Booklet so that comparisons between facilities are valid.

Used Cars

The following are average car prices for the period ending October 9, 1985. Prices are based on wholesale activity at major dealer auctions across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically on IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.

Model	Zone 1	Zone 2	Zone 3
83 AMC ALLIANCE			
Sdn 4DR L Series	3592	3629	3558
83 AMC CONCORD			
Sdn	3762	3797	3724
83 BUICK SKYLARK			
Sdn Custom	4368	4413	4326
82 BUICK SKYLARK			
Sdn	3579	3615	3543
83 BUICK REGAL			
Sdn	5691	5751	5636
Cpe	5851	5908	5795
82 BUICK REGAL			
Turbo Cpe	5226	5277	5172
Cpe	5061	5111	5010
83 BUICK CENTURY			
Sdn Custom	5635	5688	5576
82 BUICK CENTURY			
Sdn Custom	4771	4817	4722
83 CADILLAC			
Cpe DeVille	9688	9786	9593
Sdn DeVille	9633	9730	9536
82 CADILLAC			
Cpe DeVille	8010	8085	7925
Sdn DeVille	7957	8037	7879
83 CHEVY			
Chvt Htchbk 4-Dr	2875	2904	2845
Camaro Cpe 8	6324	6386	6261
82 CHEVY			
Chvt Htchbk 4-Dr	2300	2323	2275
Camaro Cpe 8	5464	5516	5409
83 CHEVY CELEBRITY			
Sdn	5220	5271	5165
82 CHEVY CELEBRITY			
Sdn	4410	4450	4365
83 CHEVY CAVALIER			
Sdn	4418	4462	4372
82 CHEVY CAVALIER			
Sdn	3472	3508	3440
83 CHEVY CITATION			
Cpe 6	3495	3531	3458
82 CHEVY CITATION			
Cpe 6	2707	2735	2677
83 CHEVY MALIBU			
Clas Sdn	5088	5139	5037
Clas Sta Wgn	5296	5349	5242
82 CHEVY MALIBU			
Clas Sdn	4271	4313	4229
Clas Sta Wag	4458	4501	4412
83 CHEVY MONTE CARLO			
Cpe	5912	5971	5853
82 CHEVY MONTE CARLO			
Cpe	4971	5022	4919
83 CHEVY IMPALA			
Sdn	5479	5535	5426
82 CHEVY IMPALA			
Sdn	4374	4419	4334
Wgn 9	4546	4592	4499
83 CHEVY CAPRICE			
Sdn	6136	6195	6074
Sta Wag	6349	6409	6283

Model	Zone 1	Zone 2	Zone 3
83 CHRYSLER			
E-Class Sdn	5219	5271	5167
82 CHRYSLER			
New Yorker Sdn	6368	6433	6306
83 DODGE OMNI			
4 Dr Cust	3329	3363	3297
82 DODGE OMNI			
4 Dr Cust	2531	2557	2505
83 DODGE ARIES			
Cpe	3891	3932	3853
82 DODGE ARIES			
Sdn	2991	3019	2959
83 DODGE DIPLOMAT			
Sln Sdn	4445	4489	4401
82 DODGE DIPLOMAT			
Sln Sdn	3588	3625	3553
83 FORD FAIRMONT			
Futura 6-Cyl Sdn 4 Dr	3800	3835	3760
82 FORD FAIRMONT			
Futura Sdn 4-Dr	3025	3056	2999
83 FORD MUSTANG			
L Cpe 4	4206	4247	4164
82 FORD MUSTANG			
L Cpe 4	3417	3453	3384
83 FORD LTD			
Sdn	4514	4561	4469
82 FORD LTD			
Sdn	3822	3861	3784
83 FORD ESCORT			
Htchbk 4 Dr	3257	3291	3226
83 FORD CROWN VIC			
Sdn	6879	6951	6808
82 FORD CROWN VIC			
Sdn	5352	5407	5299
83 FORD THUNDERBIRD			
Cpe	6243	6307	6182
82 FORD THUNDERBIRD			
Cpe	4913	4960	4863
83 LINCOLN CONTINENTAL			
Sdn	11685	11801	11568
Mark VI Cpe	11926	12042	11806
82 LINCOLN CONTINENTAL			
Sdn	9639	9735	9542
Mark VI Cpe	9864	9983	9788
83 MERCURY COUGAR			
Cpe	6350	6411	6287
82 MERCURY COUGAR			
GS Cpe	3632	3667	3595
83 MERCURY LYNX			
HtchBk 2-Dr	3805	3845	3769
83 MERCURY MARQUIS			
Sdn	4569	4616	4526
82 MERCURY MARQUIS			
Sdn	4748	4795	4698
Wgn-2S	4896	4944	4844
83 OLDS CIERA LS			
Cpe	5553	5608	5497
Sdn	5626	5682	5569

Model	Zone 1	Zone 2	Zone 3
83 OLDS CUTLASS SUPREME			
Cpe	6193	6255	6130
Sdn	6020	6082	5963
82 OLDS CUTLASS SUPREME			
Sdn	5330	5385	5275
Cpe	5130	5180	5079
83 OLDS DELTA 88			
Sdn	6126	6186	6069
82 OLDS DELTA 88			
Sdn	4693	4739	4647
83 OLDS DELTA 98			
Sdn	8451	8533	8365
82 OLDS DELTA 98			
Sdn	6934	7009	6866
83 OLDS OMEGA			
Sdn	4368	4413	4326
82 OLDS OMEGA			
Sdn	3579	3615	3543
83 OLDS FIRENZA			
Sdn	4627	4673	4580
82 OLDS FIRENZA			
Sdn	3819	3857	3779
83 PLYMOUTH HORIZON			
4 Dr Htchbk	3337	3372	3302
83 PLYMOUTH RELIANT			
Cpe	3903	3941	3862
82 PLYMOUTH RELIANT			
Cpe	2981	3012	2950
83 PONTIAC FIREBIRD			
Cpe 8	6390	6453	6327
83 PONTIAC 6000			
Cpe	5417	5468	5361
Sdn	5344	5396	5290
82 PONTIAC 6000			
Cpe	4553	4599	4509
83 PONTIAC GRAND PRIX			
Cpe	6101	6162	6039
83 VOLKSWAGEN JETTA			
4 Dr Sdn	5040	5090	4989
82 VOLKSWAGEN JETTA			
4 Dr Sdn	4276	4318	4232
83 VOLKSWAGEN L SERIES			
2 Dr Htchbk	3836	3874	3798
82 VOLKSWAGEN RABBIT			
2-Dr Htchbk	2939	2967	2909
83 DATSUN			
Sentra 2 Dr Std Sdn	3382	3416	3348
Stanza Hbk 4 Dr Dlx	4609	4655	4563
82 DATSUN			
210 Std 2 Dr	2453	2478	2428
Sentra 2 Dr Std Sdn	2778	2806	2750
Stanza Hbk 4 Dr Dlx	3778	3816	3741
83 TOYOTA			
Corolla Sedan 2 Dr	4177	4218	4135
Celica St	6009	6068	5948
Camry Sedan	6789	6857	6721
82 TOYOTA			
Corolla 2 Dr Sdn	3376	3410	3343
Celica St Cpe	4829	4877	4780